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SUBJECT: TAJIKISTAN - CONVICTION OF PROMINENT ENTREPRENEUR
REMINDS BUSINESS COMMUNITY OF WHO IS THE BOSS

¶1. (SBU) On April 8, a court in Tajikistan convicted Marouf Orifov, the majority owner of the Orima supermarket chain, of tax evasion and bribery, and sentenced him to 8 years and 6 months imprisonment. The case is an example of the country's oppressive business environment, and the ruthless manner in which members of President Rahmon's family exert their influence over business owners.

¶2. (U) Members of the State Committee for National Security arrested Orifov in August 2007, accusing him of attempting to bribe a State Committee officer. Unusually for a bribery case, Orifov spent the initial months of his pretrial incarceration in a State Committee special facility. The Anti-Corruption Agency took over the investigation, and Orifov was ultimately indicted for bribery, tax evasion, and forgery. The trial began in March 2008, the forgery charges were dropped, and the court convicted Orifov of the remaining charges. Although the public prosecutor requested a sentence of only four years, the court imposed 8 years and 6 months imprisonment and confiscation of Orifov's property (including his 70 percent share of the Orima chain).

¶3. (U) Orifov is known as a savvy businessman who gained the confidence of international financial institutions. He founded Orima in the mid-1990s, and by early 2007, the chain had 5 stores in Dushanbe and 1 in Kulyob. Orifov and a Dutch minority partner secured \$500,000 in financing from the International Finance Corporation in 2005. Based on their business model and good management record, the European Bank for Reconstruction and Development provided an additional \$4.6 million in financing in 2006. The international community viewed Orifov as one of the few recent success stories in Tajikistan's deteriorating business climate.

¶4. (SBU) Observers have speculated on how Orifov's fortunes turned. Many believe that he ran afoul of President Rahmon's daughter, Tahmina Rakhmonova. In early January 2007, Orifov opened a store in downtown Dushanbe, in a building owned by Rakhmonova. The speculation is that Rakhmonova resorted to extortion, and when Orifov did not give her as much money as she wanted, she orchestrated his arrest. Another version is that Orifov's competitors used their connections with Rakhmonova to bring Orifov down. Yet another version has Orifov falling out of favor with security officials due to his connections in Uzbekistan (Orifov is an ethnic Uzbek).

¶5. (SBU) Comment: While there is no consensus on the reasons for Orifov's fall, the prosecution has all of the hallmarks of a nepotism-driven prosecution. Details about Orifov's arrest in August 2007 are sketchy, and the severity of the sentence) more than double what the prosecutor requested -

is an indication that the government is trying to send a very forceful message. Orifov is not from Kulyob, and he was likely trying to curry favor with the President's "inner circle" by doing business with Tahmina Rakhmonova. While Orifov's hands are probably not clean (in the current climate, there is no such thing as an honest businessman in Tajikistan), this prosecution is an example of how nepotism trumps business acumen. The fact that Orifov could not get himself out of trouble shows that it is more important to be close to President Ramon and his family members than to run a successful business. Many believe that Rakhmonova or her associates will take over Orima. Qassociates will take over Orima.

16. (SBU) Comment continued: The prosecution also shows the government's surprisingly unpragmatic approach toward international financial assistance. Government officials at all levels argue that Tajikistan needs international financial aid and assistance. They were also well aware of the significant stake that international financial institutions had taken in Orifov's business. While international investment is no reason to avoid prosecuting criminal wrongdoing, engaging in such a blatantly nepotism-driven prosecution in this instance does not build confidence among the international community that Tajikistan is a worthy beneficiary of assistance. This case is another strong signal to investors to stay away from Tajikistan. End comment.
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